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~~INTERSTATE COMMERCE COMMISSION~~

EQUIPMENT LEASE

Dated as of September 1, 1975

BETWEEN

FIRST NATIONAL BANK OF MINNEAPOLIS,

as Trustee

LESSOR

AND

RAIL-U.S. LEASING, INCORPORATED

LESSEE

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Certain rights and interests of the Lessor under this Equipment Lease have been assigned to, and are subject to a security interest in favor of, Harris Trust and Savings Bank, as Trustee. Information concerning such security interest may be obtained from the Corporate Trust Department of Harris Trust and Savings Bank, 111 West Monroe Street, Chicago, Illinois 60690.

(RUSL Trust No. 3)

# LEASE OF RAILROAD EQUIPMENT

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EQUIPMENT LEASE dated as of September 1, 1975 between FIRST NATIONAL BANK OF MINNEAPOLIS, not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called the "Lessor") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with INTERNATIONAL PAPER EQUIPMENT LEASING CORPORATION (the "Beneficiary"), and RAIL-U.S. LEASING, INCORPORATED (the "Lessee").

WHEREAS, the Lessor is acquiring the railroad equipment described in Annex A hereto (the "Equipment") from ACF Industries, Incorporated (the "Builder") pursuant to the Acquisition Agreement dated as of September 1, 1975 (the "Acquisition Agreement") between the Lessee and the Lessor which is consented to by the Builder;

WHEREAS, in order to finance a portion of the cost of acquisition of the Equipment, the Lessor, upon the authorization and direction of the Beneficiary provided in the Trust Agreement, is entering into separate Loan Agreements, each dated as of September 1, 1975 (the "Loan Agreements") with Jefferson Standard Life Insurance Company and The Ohio National Life Insurance Company (the "Lenders") pursuant to which the Lenders agree to loan on the Closing Date determined pursuant to such Loan Agreements (the "Closing Date") to the Lessor not exceeding \$1,782,500 in the aggregate, and the Lessor agrees to issue to the Lenders its non-recourse secured notes (the "Notes") in the principal amount of such loans;

WHEREAS, in order to secure the Notes, the Lessor, upon the authorization and direction of the Beneficiary provided in the Trust Agreement, is further entering into a Security Agreement-Trust Deed dated as of September 1, 1975 (the "Security Agreement") with Harris Trust and Savings Bank, as trustee (the "Security Trustee") pursuant to which the Lessor, as debtor, grants to the Security Trustee, as secured party, a security interest in the Equipment and in certain of the rights and interests of the Lessor in, to and under this Lease;

WHEREAS, it is understood and agreed that the security interest of the Security Trustee in the Equipment is, by the express terms of the Security Agreement, made subject to the rights and interests hereunder of the Lessee in and to the Equipment;

WHEREAS, the Lessee desires to lease all the units of the Equipment, or such lesser number as are delivered by the Builder and accepted by the Lessee hereunder on the Closing Date and settled for on such date under the Loan Agreements, at the rentals, for the terms and upon the conditions hereinafter stated

(such number of units as are so delivered, accepted and settled for being hereinafter called the "Units");

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

SECTION 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units or any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the taking or requisitioning of any of the Units by condemnation or otherwise the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or the bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto, that, the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

SECTION 2. Delivery and Acceptance of Units. The Builder will cause each Unit to be delivered to the Lessee on the Closing Date under the Loan Agreements at the place of delivery shown in Annex A hereto. Upon such delivery, the Lessee will cause an

employee of the Lessee or an authorized representative of the Lessee to inspect the same and, if such Unit is found to be acceptable, to accept delivery of such Unit and execute and deliver to the Lessor and the Builder a certificate of acceptance (hereinafter called a Certificate of Acceptance), in the form attached hereto as Exhibit 1, stating that such Unit has been inspected and accepted on behalf of the Lessee on such Closing Date and is marked in accordance with Section 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee hereunder, shall (without limiting Section 9 hereof) as between the Lessor and the Lessee be conclusively presumed to comply with the specifications (as shown in Annex A hereto), requirements and standards applicable thereto and to be in good working order and repair without inherent vice or defect in title, condition, design, operation or fitness for use and shall thereafter be subject to all the terms and conditions of this Lease.

SECTION 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 68 consecutive quarterly payments, payable on each quarterly anniversary date of the Closing Date commencing on the first such quarterly anniversary date. Each of such 68 quarterly rental payments shall be in an amount equal to 2.4387% of the Purchase Price (as defined below) of each Unit subject to this Lease on the date of such payments.

The rental payments hereinbefore set forth are subject to adjustment pursuant to Section 17.

If any of the quarterly rental payment dates referred to above is not a Business Day (as defined below) the quarterly rental payment otherwise payable on such date shall be payable on the next preceding Business Day.

The price of each Unit is set forth in Annex A hereto and the term "Purchase Price" as used herein with respect to any Unit shall be such price. The Lessee shall certify that the invoice or invoices delivered by the Builder and the Lessee correctly state the Purchase Price of the Units as herein determined.

The term "Business Day" as used herein shall mean calendar days, excluding Saturdays, Sundays and holidays, on which banks in the States of Illinois or Minnesota are authorized or required to close.

The Lessor irrevocably instructs the Lessee to make all the payments (other than payments owing to the Lessor or the Beneficiary pursuant to Sections 6, 7 (with respect to public liability insurance), 9, 12 and 17 or payments due or becoming due after the obligations of the Lessor in respect of the Notes have been fully satisfied, which shall be made directly to the Lessor) provided for in this Lease at the principal office of the Security Trustee, for the account of the Lessor, in care of the Security Trustee, with instructions to the Security Trustee first to apply such payments to satisfy the obligations of the Lessor in respect of the Notes known to the Security Trustee to be due and payable on the date such payments are due and payable hereunder and second, so long as no Event of Default under the Security Agreement and no Event of Default hereunder shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing, unless and until the Lessor shall otherwise direct the Security Trustee in writing. The Lessee further agrees that no payments shall be made to the Lessor or the Beneficiary pursuant to Sections 6, 9, 12 and 17 hereof unless concurrently therewith the Lessee shall pay to the Security Trustee, for the account of the Lessor, all amounts which are then due to the Lessor under the provisions of this Lease; and the making of such concurrent payment is of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Security Trustee shall be entitled to a decree against the Lessee requiring specific performance of the same.

SECTION 4. Term of Lease. The term of this Lease as to each Unit shall begin on the Closing Date with respect to such Unit and, subject to the provisions of Sections 7, 10 and 13, shall terminate 17 years following such date.

SECTION 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with an identifying number as set forth in Annex A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit,

and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and the Security Trustee's security interest in such Units and the rights of the Lessor under this Lease and of the Security Trustee under the Security Agreement. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such markings shall have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Security Trustee and the Lessor and filed, recorded, registered and deposited by the Lessee in all public offices where this Lease and the Security Agreement shall have been filed, recorded, registered and deposited and (ii) the Lessee shall have furnished the Security Trustee and the Lessor an opinion of counsel for the Lessee with respect thereto satisfactory to the Security Trustee and the Lessor.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by the Lessor, the Beneficiary or the Lessee.

In the event of the assignment by the Lessor of its interest in any of the Units or successive assignments thereof, the Lessee will, upon request by the assignee, change the markings on each side of each such Unit so as to be consistent with the interest of such assignee in such Unit, to the extent necessary to conform to any requirements of the laws of the jurisdictions in which such Unit shall be operated. The cost of such markings in the event of any assignment of all the Units at the time covered by this Lease shall be borne by the Lessee, and in the event of an assignment of less than all such Units shall be borne by such assignee.

SECTION 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and the Security Trustee for collection or other charges and will be free of expense to the Lessor, the Beneficiary and the Security Trustee with respect



to the amount of any local, state, federal or foreign taxes or certification, registration or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, shipment or delivery of, or payment for, or transfer of title to, the Units under the terms of this Lease or the Security Agreement (all such expenses, taxes, certification, registration and license fees, assessments, charges, fines and penalties being hereinafter called Impositions), all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the other payments to be made by it provided for herein, and from and against which the Lessee agrees to indemnify, protect, defend, save and keep harmless on an after-tax basis the Lessor, the Beneficiary and the Security Trustee; provided, however, that the Lessee's obligation to pay Impositions shall not include (a) any federal income tax payable by the Beneficiary in consequence of the receipt of payments provided for herein, (b) all income taxes or franchise taxes measured by net income based on such receipts imposed on the Beneficiary by the state and city in which the Beneficiary has its principal place of business, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided, and (c) to the extent that the Beneficiary receives credit therefor against its federal income tax liability, any foreign income tax; provided, however, that in determining whether the Beneficiary receives credit for any foreign tax, it shall be assumed that credit is received for all other foreign taxes claimed as credits for the taxable year in question before credit is received for any foreign taxes indemnified hereunder which are claimed as credits for such year. The Lessee will also pay promptly all Impositions that may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor by reason of its ownership thereof or upon the Security Trustee or the Lenders by reason of the security interest of the Security Trustee therein and any Impositions upon or on account of the trust created by the Security Agreement or the transactions contemplated thereby or the instruments or agreements referred to therein or contemplated thereby, and will keep at all times all and every part of the Units free and clear of all Impositions that might in any way affect the title of the Lessor in and to any Unit or its interests or rights under this Lease; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the opinion of the Lessor or the Security Trustee, adversely affect the title, interests or rights of the Lessor hereunder or of the Security Trustee under the Security Agreement and this Lease. If any Impositions shall have been charged or levied against the Lessor, the Beneficiary, the

Security Trustee or the Lenders directly and paid by the Lessor, the Beneficiary, the Security Trustee or the Lenders, the Lessee shall reimburse the Lessor, the Beneficiary, the Security Trustee or the Lenders, as the case may be, on presentation of an invoice therefor with interest thereon at a rate (hereinafter called the Chemical Rate) equal to 3% above the prime rate charged by Chemical Bank to its most creditworthy corporate borrowers. The Lessor agrees that if, in the opinion of independent tax counsel selected by the Lessor and acceptable to the Lessee (and whose fees and expenses shall be paid by the Lessee), a bona fide claim exists for a refund of all or a portion of any Imposition in respect of which the Lessee has made payment to the Lessor, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by said independent counsel in order to sustain such claim. The Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested. The Lessee shall be entitled to the proceeds of the successful prosecution of any such claim to the extent of payments or reimbursement made by the Lessee pursuant to this Section 6.

In the event any reports with respect to Impositions are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Security Trustee in the Units or notify the Lessor and the Security Trustee of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor and the Security Trustee.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Imposition or any interest thereon pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee. The obligations of the Lessee under this Section 6 constitute a rental obligation.

SECTION 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall become lost, stolen, destroyed, irreparably damaged from any cause whatsoever or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, but only when such period shall exceed the term hereof, or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days (such occurrences being hereinafter called Casualty Occurrences) during the term of this Lease, the Lessee shall promptly and fully notify the Lessor and the Security Trustee with respect thereto. On the rental payment date next succeeding such notice, the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit or Units due and payable

on such date, plus a sum equal to the Casualty Value of such Unit or Units as of the date of such payment as determined below in this Section 7. Upon (but not prior to) the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee as its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof at the best price obtainable on an "as is, where is" basis. If the Lessee shall have previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent that such proceeds do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

Subject to adjustment pursuant to the provisions of Section 3 and Section 17, the Casualty Value of each Unit as of the rental payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth opposite such date in the Schedule of Casualty Value attached hereto as Annex B.

Except as hereinabove in this Section 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will at all times while this Lease is in effect, at its own expense, cause to be carried and maintained in respect of the Units at the time subject hereto public liability insurance against damage because of bodily injury, including death, or damage to property of others, affording protection in respect of any one occurrence for liabilities of at least \$15,000,000, and will further cause to be carried and maintained in respect of such Units "all risk" insurance against property damage thereto at the repair or replacement value (not to exceed \$31,000 per Unit) and in no event less than \$30,000 per Unit. All such public liability insurance policies shall name the Security Trustee, the Lessor and the Beneficiary as additional insureds as their respective interests may appear and the benefits of such insurance shall be payable to the Beneficiary, the Lessee and the Security Trustee and such other parties as their respective interests may appear. The Lessee will deliver certificates of insurance evidencing any insurance effected or in force in accordance with the provisions of this paragraph and evidencing that neither the Lessor, the Beneficiary nor the Security Trustee shall be responsible for any premium payments thereon. With respect to all property insurance, the Lessee shall cause each policy to provide, and the insurer issuing such policy to certify to the Security Trustee and the Lessor, as follows: (1) the Lessor, as owner and lessor of the Equipment, and the Security Trustee are named as additional insureds as their respective interests may appear, (2) the proceeds of such insurance shall be payable, so long as

the Notes shall not have been paid in full, to the Security Trustee under a mortgage loss payable clause satisfactory to the Security Trustee and thereafter to the Lessor, (3) if the insurer cancels or materially changes such insurance for any reason whatsoever, or the same is allowed to lapse for nonpayment of premium, such cancellation, material change or lapse shall not be effective as to the Lessor and the Security Trustee for 30 days after receipt by the Lessor and the Security Trustee of notice from such insurer of such cancellation, material change or lapse and (4) in respect of the interest of the Lessor and the Security Trustee in such policy, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than of the Lessor, the Security Trustee or the Beneficiary, as the case may be, and in such case only with respect to such party and not with respect to any other such party) and shall insure the interest of the Lessor and the Security Trustee regardless of any breach or violation by the Lessee of any warranties, declarations or conditions contained in such policy.

Any net insurance proceeds resulting from insurance carried by the Lessee or condemnation payments received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this Section 7. If the Lessor shall receive any such net insurance proceeds or condemnation payments after the Lessee shall have made payments pursuant to this Section 7 without deduction for such net insurance proceeds or such condemnation payments, the Lessor shall pay such net insurance proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee unless an Event of Default or other event (hereinafter called a "Default") which, with notice, demand and/or lapse of time, would constitute such an Event of Default shall have occurred and be continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 10. The balance of such net insurance proceeds or condemnation payments shall remain the property of the Lessor. All net insurance proceeds received by the Lessor or the Lessee with respect to a Unit not suffering a Casualty Occurrence shall be applied in payment of the cost of repairing the damage to such Unit, but no such proceeds shall be paid to the Lessee until the Lessor and the Security Trustee shall have received a certificate signed by an authorized officer of the Lessee to the effect that such damage has been fully repaired and in the event such proceeds may not be so released within 180 days from the receipt thereof, the same shall be applied in accordance with Section 4.1(c) of the Security Agreement; and any balance remaining after the completion of such repairs shall be paid to the Lessee unless an Event of Default or Default shall have occurred and be

continuing, in which case the amount otherwise payable to the Lessee may be retained by the Lessor and applied to discharge the liabilities of the Lessee under Section 10. Any condemnation payments received with respect to a Unit not suffering a Casualty Occurrence shall be the property of the Lessor.

SECTION 8. Reports. On or before March 31 in each year, commencing with the year 1976, the Lessee will furnish (a) to the Lessor and the Security Trustee an accurate statement (i) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year and such other information regarding the condition and state of repair of the Units as the Lessor or the Security Trustee may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the numbers and markings required by Section 5 have been preserved or replaced and (b) to the Beneficiary copies of each sublease which the Lessee has entered into pursuant to Section 12 hereof in effect as of such date or, with respect to any subleases previously furnished to the Beneficiary, a certificate to the effect that such subleases remain in effect as of such date. The Lessor and the Security Trustee shall have the right, by their respective agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Security Trustee may request during the term of this Lease.

Within 120 days after the close of each of its fiscal years, the Lessee will promptly furnish to the Beneficiary, the Security Trustee and each Lender the Lessee's financial statements for such fiscal year, including a balance sheet and income statement, prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year and which balance sheet (but not income statement) shall be certified by a firm of nationally recognized independent public accountants selected by the Lessee. Lessee shall also furnish to the Lessor, the Security Trustee and each Lender as soon as available, and in any event within 45 days after the end of each of the first three quarterly periods of each such fiscal year, copies of a balance sheet of the Lessee as at the end of such period and a statement of income of the Lessee for the period beginning on the first day of such fiscal year and ending on the date of such balance sheet, all in reasonable detail and certified by the chief financial officer of the Lessee. Lessee will also promptly furnish to the Lessor, the Security Trustee and each Lender any quarterly, annual or other reports, offering circulars, prospectuses or proxy statements, in final form, required to be filed with the Interstate Commerce Commission or the Securities and Exchange Commission (or any federal agency substituted therefor).

Within 90 days after the close of each of its fiscal years, the Lessee will deliver to the Lessor, the Beneficiary, the Security Trustee and each Lender a certificate signed by the President, any Vice President, the Treasurer or any Assistant Treasurer of the

Lessee stating that a review of the activities of the Lessee during its last fiscal year has been made under his supervision with a view to determining whether the Lessee has kept, observed, performed and fulfilled all of its covenants and obligations under this Lease and that, to the best of his knowledge, the Lessee during such fiscal year has kept, observed, performed and fulfilled each and every covenant and obligation contained herein, or if an Event of Default under this Lease shall exist or if an event has occurred which, with notice, demand and/or lapse of time, would constitute such an Event of Default specifying such Event of Default or event and the nature and status thereof.

SECTION 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee as its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all of the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Security Trustee, to comply in all respects with all laws (including, without limitation, laws with respect to the use, maintenance and operation of each Unit) of the jurisdictions in which operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units; and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Security Trustee,

adversely affect the property or rights of the Lessor or the Security Trustee under this Lease or under the Security Agreement. The Lessee, at its own cost and expense, may furnish other additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee unless the same shall be made by the Lessee pursuant to its obligation hereinbelow provided to maintain the Units in good order and repair, in which case the same shall be considered accessions and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

The Lessee, at its own cost and expense, shall maintain and keep each Unit in good order and repair.

The Lessee agrees to indemnify, protect and hold harmless the Lessor, the Security Trustee and the Beneficiary from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of the Trust Agreement, the Acquisition Agreement, the Loan Agreements, or Security Agreement, the occurrence of an Event of Default hereunder or of an event which with the lapse of time and/or notice would become such an Event of Default, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage, sale or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 14, or the transfer of title to the Units by the Security Trustee pursuant to any provision of the Security Agreement. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease.

The Lessee agrees to prepare, deliver to the Lessor for execution within a reasonable time prior to the required date of filing and file (or, to the extent permissible, to prepare for and file on behalf of the Lessor directly) any and all reports (other than income tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee or the security interest of the Security Trustee thereon.

SECTION 10. Default. If during the continuance of this Lease one or more of the following events (each such event being hereinafter sometimes called an Event of Default) shall occur:

(A) default shall be made in payment of any part of the rental provided in Section 3 as adjusted, or the Casualty Values provided in Section 7, in either case on the due date thereof, and such default shall continue for 10 days;

(B) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Units, or any thereof;

(C) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, and such default shall continue for 30 days after written notice from the Lessor or the Security Trustee to the Lessee specifying such default and demanding that the same be remedied;

(D) Any representation or warranty made by the Lessee herein or by the Lessee or United States Leasing International, Inc. (the "Guarantor") in the Guaranty Agreement dated as of September 1, 1975 (the "Guaranty Agreement") of the Guarantor relating to the Lease or any other agreement, statement or certificate furnished to the Lessor or the Security Trustee pursuant to or in connection with this Lease, the Loan Agreements or the Guaranty Agreement proves untrue in any material respect as of the date of issuance or making thereof;

(E) Lessee or Guarantor becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for Lessee or for the major part of its property;

(F) a trustee or receiver is appointed for Lessee or Guarantor or for the major part of its property and is not discharged within thirty (30) days after such appointment;

(G) any other proceedings shall be commenced by or against Lessee or Guarantor for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or of the Guarantor under the Guaranty Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder or of the Guarantor under the Guaranty Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease and/or of the Guarantor under the Guaranty Agreement



shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee and/or the Guarantor or for the property of the Lessee and/or the Guarantor in connection with any such proceedings, in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including net after-tax losses of federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(2) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the possession and use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may, by its agents, enter upon the premises of the Lessee or any other premises where any of the Units may be located and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatsoever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (a) as damages for loss of the bargain and not as a penalty, whichever of the following sums, with respect to each Unit then subject to this Lease, the Lessor, in its sole discretion, shall specify by written notice to the Lessee: (x) an amount equal to the excess, if any, of the Casualty Value for such Unit, computed as of the rental payment date immediately preceding the Event of Default specified in such notice, over the rental which the Lessor reasonably estimates to be obtainable for such Unit for the remainder of the term of this Lease after discounting such rental quarterly to present value as of such preceding rental payment date at the rate of 10-1/2% per annum or (y) an amount equal to the excess, if any, of the Casualty Value for such Unit as of such preceding rental payment date over the fair market value (computed as provided

in Section 13) of such Unit as of such preceding rental payment date and (b) any damages and expenses, including reasonable attorneys' fees and expenses incurred by the Lessor, in addition thereto which the Lessor shall have sustained by reason of the occurrence of an Event of Default or the exercise of the Lessor's remedies in respect thereof.

It is expressly understood and agreed that upon the occurrence of any of the defaults or conditions described in clauses (A) through (G), both inclusive, of the first paragraph of this Section 10, and prior or subsequent to the time that such default or condition shall constitute an Event of Default hereunder, either the Lessor, the Beneficiary or the Security Trustee may make such payment or perform such other act as will cure such default or condition, and the amount of all payments so made by the Lessor, the Beneficiary or the Security Trustee on behalf of the Lessee, plus the amount of all reasonable expenses incurred in connection therewith, together with interest thereon at the Chemical Rate as from time to time in effect or the maximum rate permitted by law, whichever is lower, from the date of expenditure to the date of reimbursement, shall constitute additional rental payable hereunder from the Lessee to the Lessor on demand; provided, however, that so long as the Notes or any other obligation of the Lessor under the Security Agreement shall remain unpaid, neither the Lessor nor the Beneficiary may make any such payment or so perform except as is set forth in Section 5.9 of the Security Agreement or with the written request of the Security Trustee.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise any of the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

The foregoing provisions of this Section 10 are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

SECTION 11. Return of Units Upon Default. If this Lease shall terminate pursuant to Section 10, at the direction of the Lessor the Lessee shall forthwith deliver possession of the Units to the Lessor and shall:

(a) forthwith place such Units upon such storage tracks or shall cause such Units to be transported to such point or points as the Lessor may reasonably designate; and

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee until such Units have been sold, leased or otherwise disposed of by the Lessor.

The assembling, delivery, storage and transporting of the Units as in this Section 11 provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the same. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event that any Unit is not assembled, delivered and stored as hereinabove provided within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each such Unit for each day thereafter an amount equal to .04% of the Purchase Price for each Unit for each such day.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

SECTION 12. Assignment; Possession and Use; Liens. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under Sections 6, 7, 10 and 17 and the rights to receive the rentals payable under

this Lease) shall inure to the benefit of the Lessor's assigns (including the partners or any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively). Whenever the term "Lessor" is used in this Lease, it shall apply and refer to the Lessor and each such assignee of the Lessor and, where the context so requires or states, shall include or mean only the Beneficiary. The term "Beneficiary" as used herein shall include any affiliated group of corporations which includes the Beneficiary and which file a consolidated federal income tax return.

So long as there shall exist no Event of Default under this Lease or event which with the lapse of time and/or notice would become such an Event of Default, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them; provided, however, that this sentence shall not be deemed to prohibit any sublease of the Units by the Lessee as hereinbelow provided. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any person which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Security Trustee or resulting from claims against the Lessor or the Security Trustee not related to the ownership of the Units) on or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Security Trustee or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises; provided, however, that the Lessee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the non-payment thereof does not, in the opinion of the Lessor and the Security Trustee, adversely affect the title of the Lessor in or to the Units or otherwise adversely affect its rights or the rights of the Security Trustee under this Lease; and provided further, that this covenant will not be breached by reason of the existence of liens for taxes, assessments or governmental charges or levies, in each case so long as not due and delinquent, or undertermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as there shall exist no Event of Default under this Lease or event which with the lapse of time and/or notice would become such an Event of Default, the Lessee shall be entitled to the possession of the Units and also to sublease the Units to, or to permit their use under the terms of sublease agreements by, any sublessee in the normal course of the Lessee's business, upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia) or over which such railroad company or companies have trackage rights or rights of operation of their trains, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease, provided, however, that except as otherwise set forth in the next following paragraph, any such sublease, and the rights and interests of any sublessee thereunder, shall in all events be subject and subordinate to this Lease and the rights and interests of the Lessor and its respective successors and assigns hereunder, and such sublease shall be for a term expiring not later than the end of the then current term of this Lease, and further provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the United States of America or in any way inconsistent with the representations, warranties and covenants set forth in Section 17. No such sublease arrangement or agreement entered into by the Lessee shall relieve the Lessee of any liability or obligation hereunder, which shall be and remain those of a principal and not a surety. The Lessee may receive and retain for its own account such compensation for subletting the Units and/or for the use thereof by others as the Lessee may determine.

In addition to the right of the Lessee to sublease the Units in accordance with the preceding paragraph, so long as there shall exist no Event of Default under this Lease or an event which with the lapse of time and/or notice would become such an Event of Default, the Lessee may, with the prior written consent of the Lessor and the Beneficiary, sublease the Units to, or permit their use under the terms of sublease agreements by, any sublessee in the normal course of the Lessee's business and upon lines of railroads as permitted in the preceding paragraph, which sublease may be for a term exceeding the end of the then current term of this Lease and may provide (upon such approval of the Lessor and the Beneficiary) that during the portion of such sublease term occurring after the expiration of this Lease, the Lessor and the Beneficiary agree that, so long as the sublessee thereunder is not in default in the performance or observance of any of the terms or provisions of such sublease, neither Lessor nor Beneficiary will interfere with such sublessee's peaceful and quiet enjoyment under such sublease; provided, however, that each such sublease shall provide that, so

long as this Lease shall be in effect, the rights and interests of the sublessee thereunder shall be subject and subordinate to the rights and interests of the Lessor and its successors and assigns hereunder. The Lessee hereby agrees to transfer and assign to the Lessor all amounts due and payable under any such sublease. It is understood and agreed that the Lessee will act as the agent of the Lessor to collect and receive all payments due and to become due under the subleases in respect of the Units, provided that if an Event of Default hereunder shall occur and be continuing, the Lessor may terminate such agency and such agency shall terminate immediately upon such notice of such termination from the Lessor to the Lessee and provided further that prior to receipt of such notice the Lessee may make such use of any moneys received pursuant to its agency as it would otherwise be entitled to except for the assignment of such moneys under the subleases.

Without limiting the provisions of the foregoing, it is contemplated that the Lessee shall receive insofar as applicable law and regulations allow all mileage allowance rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of the use of the Units and if for any reason the Lessor shall receive any Mileage then (unless an Event of Default shall have occurred and be continuing in which event such Mileage or portion thereof shall be retained by the Lessor until such Event of Default shall no longer be continuing), the Lessor shall remit such Mileage to the Lessee promptly after the Lessee shall furnish to the Lessor, at the Lessee's expense, either (i) a ruling of the Interstate Commerce Commission to the effect that the remittance thereof to the Lessee will not constitute a rebate within the meaning of 49 U.S.C. Section 41, as amended, or (ii) an opinion of counsel to such effect.

Nothing in this Section 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

SECTION 13. Renewal Options. Provided this Lease has not been earlier terminated and there exists no Event of Default hereunder or event which with the lapse of time and/or notice would become such an Event of Default, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the original term or the first extended term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all (but not less than all) of such Units then covered by this Lease for an additional five - year period commencing on the scheduled expiration of the original term or such extended term of this Lease, as the case may be, provided that the Lessee may not so elect to extend the term of this Lease for more than two such additional five-year periods. In the event that the term of this Lease is extended pursuant to the preceding sentence, the Lessee

shall pay rentals at the "Fair Market Rental" (as hereinafter defined) of such Units in quarterly payments on the quarterly anniversary dates following the final date of the original term or such extended term of this Lease in each year of such extended term; and all of the other terms of this Lease shall be applicable during any extended term, except that the Casualty Values of the Units shall be calculated by taking into consideration the then Fair Market Value of the Units (both at the beginning and end of the extended term), the Lessor's then after-tax yield requirements and the then prevailing interest rates, but in no event, however, shall such Casualty Values be less than 20% of the Purchase Price of the Units.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer (other than a lessee currently in possession or a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value or the Fair Market Rental, as the case may be, of the relevant Units, such value or rental shall be determined in accordance with the foregoing definitions by a qualified independent Appraiser. The term "Appraiser" shall mean such independent appraiser as the Lessor may select with the approval of the Lessee, or, failing such approved selection, a panel of three independent Appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

SECTION 14. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or any extended term of this Lease (or in the event the Lessor and the Beneficiary shall have approved any sublease of any Unit beyond the

expiration of such term of this Lease pursuant to Section 12 hereof, then at the expiration of the term of such sublease), the Lessee will, at its own cost and expense, at the request of the Lessor deliver the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and store such Units on such tracks for a period not exceeding three months and cause the same to be delivered, at any time within such three-month period, to any reasonable place directed by the Lessor. The Units shall be returned in the condition in which they are required to be maintained by the Lessee under Section 9, shall be maintained by the Lessee, at its own cost and expense, in such condition during the period of storage provided for in this Section 14 and shall be insured by the Lessee, at its own cost and expense, during such period of storage in accordance with Section 7; and at the time of such return and during such period of storage shall be kept free and clear of all liens, charges, security interests and encumbrances in accordance with Section 12. The movement and storage of such Units shall be at the expense and risk of the Lessee; and in the event that any Unit shall suffer a Casualty Occurrence during such storage period, the Lessee shall pay the Lessor the Casualty Value thereof set forth in Section 7. During any such storage period, the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of such Units, may inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the right of inspection granted under this sentence. The assembling, delivery, storage, maintenance and transporting of the Units as in this Section 14 provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event that any Unit is not assembled, delivered and stored as hereinabove provided within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each such Unit for each day thereafter an amount equal to .04% of the Purchase Price for each Unit for each such day. The Lessor shall execute and deliver to the Lessee, or to the Lessee's assignee or nominee, with respect to any Unit so abandoned a bill of sale (without representations or warranties except that such Unit is free and clear of all liens, charges, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor other than the liens, charges, security interests and other encumbrances which the Lessee is obligated to discharge hereunder) for such Unit, and such other documents as may be



required to release such Unit from the terms and scope of this Lease and to transfer title thereto to the Lessee, or such assignee or nominee, in such form as may reasonably be requested by the Lessee, all at the Lessee's expense. The Lessee shall have no liability to the Lessor in respect of any Unit so abandoned by the Lessor; provided, however, that this sentence shall not in any way relieve the Lessee of its obligations pursuant to Section 7 to make payments equal to the Casualty Value of any Unit experiencing a Casualty Occurrence while this Lease is in effect or during the storage period provided for in this Section 14.

SECTION 15. Representations and Warranties of the Lessee. The Lessee represents and warrants to the Lessor and the Security Trustee that:

(a) The Lessee is a corporation duly organized and validly existing in good standing under the laws of the State of California and has the power and authority to carry on its business as presently conducted, to own or hold under lease its properties and to enter into and perform its obligations under this Lease.

(b) The execution, delivery and performance by the Lessee of this Lease and the Acquisition Agreement have been duly authorized by all necessary corporate action on the part of the Lessee, do not contravene any law, governmental rule, regulation, judgment, decree or order binding on the Lessee or its properties or the Articles of Incorporation or By-laws of the Lessee and do not and will not contravene the provisions of, or constitute a default under, or result in the creation of any lien upon the Units or any property of the Lessee under, any indenture, mortgage, contract or other instrument to which the Lessee is a party or by which the Lessee is bound.

(c) No consent or approval of, giving of notice to, registration with or taking of any other action by, any state, federal or other governmental commission, agency or regulatory authority, including the Interstate Commerce Commission, is required in connection with the transactions contemplated by this Lease other than the filing and recording referred to in Section 16.

(d) This Lease and Acquisition Agreement have been duly entered into and delivered by the Lessee, and each constitutes a legal, valid and binding agreement of the Lessee enforceable against the Lessee in accordance with its terms.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened before any court, administrative agency, arbitrator or governmental body which will, if determined adversely to the Lessee, materially adversely affect its business, assets, operations or condition, financial or otherwise, or adversely affect its ability to perform its obligations under this Lease and the Acquisition Agreement.

(f) The balance sheet of the Lessee as of December 31, 1974 delivered to the Lessor, the Beneficiary and the Lenders prior to the execution of this Lease fairly presents the financial position of the Lessee as of the date thereof in conformity with generally accepted accounting principles consistently applied to all preceding periods. Since December 31, 1974, there have been no changes in the business, assets, results of operations or condition, financial or otherwise, of the Lessee which, individually or in the aggregate, have had a material adverse effect upon the Lessee, its financial condition or business prospects.

(g) The Lessee has filed all federal and state income tax returns which are required to be filed, and has paid, or made provision for the payment of, all taxes which have become due pursuant to said returns or pursuant to any assessment received by the Lessee, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided; the United States income tax liability of the Lessee has been finally determined by the Internal Revenue Service and satisfied for all taxable years up to and including the taxable year ended December 31, 1972, and no material controversy in respect of additional income taxes due since said date is pending or, to the knowledge of the Lessee, threatened.

(h) The Lessee is not in default in the payment of the principal of or interest on any indebtedness for borrowed money or in default under any instrument or agreement under or subject to which any indebtedness for borrowed money has been issued; no event has occurred and is continuing under the provisions of any such instrument

or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder; and the Lessee is not in violation of any term of any material agreement, lease of real or personal property or other instrument.

(1) This Lease creates a valid leasehold interest in the Units.

SECTION 16. Recording. The Lessee, at its own expense, will cause this Lease, the Security Agreement and any amendments and supplements hereto or thereto, and any further assignments hereof and thereof, to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act, and the Lessee will undertake the filing, registering, depositing and recording required of the Lessor under the Security Agreement and will from time to time do and perform any other act and will execute, acknowledge, deliver, file register, deposit and record (and will refile, re-register, re-deposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee for the purpose of proper protection, to their satisfaction, of the Lessor's and the Security Trustee's respective interests in the Units, or for the purpose of carrying out the intention of and their respective rights under this Lease and the Security Agreement, and the Lessee will promptly furnish to the Lessor and the Security Trustee evidences of all such filing, registering, depositing and recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and the Security Trustee. This Lease and the Security Agreement shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

SECTION 17. Federal Income Taxes. This Lease has been entered into on the assumptions that (A) the Beneficiary, as the beneficial owner of the Units, will be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the Code), to an owner of property, including, without limitation, (1) the maximum depreciation deduction with respect to the Units authorized under section 167 of the Code (hereinafter called the ADR Deduction) (a) utilizing a 12-year depreciable life, which is the

lower limit listed in Revenue Procedure 72-10, 1972-1 C.B. 721, for property in Asset Guideline Class No. 00.25, in accordance with the Class Life Asset Depreciation Range System described in section 167(m) of the Code and the Treasury Regulations promulgated thereunder as in effect on the date hereof, (b) employing initially the 200% declining-balance method of depreciation with a change, not requiring the consent of the Commissioner of Internal Revenue, to the sum of the years-digits method of depreciation when most beneficial to the Beneficiary, (c) including in the basis of the Units the entire Purchase Price thereof and all other items properly includable under section 1012 of the Code (hereinafter called the Basis), (d) taking into account a salvage value, after the reduction allowed by section 167(f) of the Code, of zero; and (e) utilizing the half-year convention as provided in Reg. Sec. 1.167(a)-11(c)(a)(iii); (2) deductions with respect to interest payable with respect to the Notes pursuant to section 163 of the Code (hereinafter called the Interest Deduction); and (3) the 10% investment credit with respect to 100% of the Basis of the Units (hereinafter called the Investment Credit) pursuant to section 38 and related sections of the Code; and (B) all amounts includible in gross income by the Lessor or the Beneficiary with respect to this Lease will be treated as income from sources within the United States.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing or which would increase the amount of rentals required to be taken into income by the Lessor or the Beneficiary, and that each of such corporations will file such returns, take such action and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent thereof. The Lessee agrees to keep and make available for inspection and copying by the Lessor and will, upon the written request of the Lessor, provide the Lessor with such records as will enable the Beneficiary to determine whether it is entitled (A) to the full benefit of the ADR Deduction, the Interest Deduction and the Investment Credit with respect to the Units and (B) to treat amounts includable in gross income with respect to this Lease as income from sources within the United States.

The Lessee represents and warrants that (i) all the Units constitute property the entire Basis of which qualifies for the 10% Investment Credit under section 50 of the Code; (ii) at the time the Lessor becomes the owner of the Units, the Units will constitute "new section 38 property" within the meaning of section 48(b) of the Code, and at the time the Lessor becomes the owner of the Units, the Units will not have been used by any person so as to preclude "the original use of such property" within the meaning of sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor; (iii) at all times during the term of this Lease, each Unit will

constitute "section 38 property" within the meaning of section 48(a) of the Code; (iv) none of the Units will be "used predominantly outside the United States" within the meaning of section 48(a)(2) of the Code; and (v) all Items of Equipment includible in gross income by the Lessor or the Beneficiary with respect to this Lease are entitled to treatment as income from sources within the United States.

The Lessee represents that it is its opinion, and it is so qualified to give such opinion, that each Unit will have a useful life of at least 22 years and will have a residual value at the end of the term of this Lease of at least 20% of the Purchase Price thereof.

If (A) for any reason whatsoever (other than for the reason set forth below) all or any part of the ADR Deduction, the Interest Deduction or the Investment Credit with respect to any Unit shall be unavailable in computing each of the items of income, gain, loss, deduction or credit of the Beneficiary or (B) Lessor or the Beneficiary shall not be entitled to treat all amounts includible in gross income with respect to this Lease as income from sources within the United States for any taxable year (or portion thereof) during which this Lease is in effect as the result of the location of any Unit outside the United States, then the rental applicable to such Unit set forth in Section 3 shall, on the next succeeding rental payment date after written notice to the Lessee by the Beneficiary of such fact, be increased by such amount as shall be required, in the reasonable opinion of the Beneficiary, to cause the Beneficiary's net after-tax annual cash flows and net after-tax rates of return to be at least the same as such net after-tax annual cash flow and net after-tax rate of return would have been had the ADR Deduction, the Interest Deduction and the Investment Credit been wholly available and had the Lessor and the Beneficiary been entitled to treat all amounts includible in gross income with respect to this Lease as income from sources within the United States; provided, however, that such rental shall not be so increased to the extent that the ADR Deduction, the Interest Deduction or the Investment Credit with respect to such Unit is unavailable as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit if the Lessee shall have paid to the Lessor the amounts stipulated pursuant to Section 7;

(ii) a voluntary transfer by the Lessor of legal title to such Unit, a voluntary disposition by the Lessor of any interest in such Unit or a voluntary reduction by the Lessor of its interest in the rentals from such Unit under this Lease (except pursuant to an assignment of this Lease to the Security Trustee) unless, in each case, an Event of Default shall have occurred and be continuing, and, in each case, the Lessor gives the Lessee three days prior written notice thereof;

(iii) the failure of the Beneficiary to claim the ADR Deduction, the Interest Deduction or the Investment Credit on its income tax return for the appropriate year, unless the Beneficiary shall have received an opinion of independent tax counsel to the effect that the Beneficiary is not entitled to claim the ADR Deduction, the Interest Deduction or the Investment Credit; or

(iv) the failure of the Beneficiary to have sufficient liability for federal income tax against which to credit the Investment Credit or sufficient income to benefit from the ADR Deduction or the Interest Deduction.

If for any reason whatsoever all or part of the cost of any improvement and/or addition to a Unit or any expenditure by the Lessee in respect of any Unit or this Lease (hereinafter called "Additional Expenditures") made by the Lessee under and pursuant to the terms of this Lease or otherwise is required to be included in the gross income of the Lessor or the Beneficiary for federal income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the rentals for the Units set forth in Section 3 shall, on the next succeeding rental payment date after the date on which the Lessee is required to furnish written notice to the Lessor pursuant to such inclusion in the Lessor's or the Beneficiary's gross income is required, be increased to such amount or amounts as shall, in the reasonable opinion of the Beneficiary (after taking into account any present or future tax benefits that the Beneficiary reasonably anticipates it will derive from its additional investment in the Units by reason of such inclusion, including, without limitation, any current deductions, future depreciation deductions and investment tax credit) cause the Beneficiary's net after-tax annual cash flow and net after-tax rate of return (calculated on the same basis as used by the Beneficiary in originally evaluating this transaction) to equal the net after-tax annual cash flow and net after-tax rate or return that would have been realized by the Beneficiary if the cost of such Additional Expenditures had not been includible in the Beneficiary's gross income. The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the Lessor or the Beneficiary gives the Lessee written notice that the Lessor's or the Beneficiary's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which the Lessee has made Additional Expenditures which are required to be included in the gross income of the Lessor or the Beneficiary for federal income tax purposes prior to the time such Unit is disposed of in a taxable transaction, the Lessee will give written

notice thereof to the Lessor and the Beneficiary describing such Additional Expenditures in reasonably detail. The recomputation of the rental payable by the Lessee pursuant to this paragraph will be based on the same assumptions used by the Beneficiary in originally evaluating this transaction, including the assumptions that any taxable income generated by this transaction is subject to tax at an effective rate of 50% and that any net loss generated by this transaction is a tax benefit against taxes imposed at an effective rate of 50%; and (ii) in determining the extent to which the Beneficiary receives credit for any foreign tax against its federal income tax liability (such determination by the Beneficiary being final and conclusive), on the further assumption that credit is received for all other foreign taxes claimed as credits for the taxable year in question before credit is received for any foreign taxes indemnified under this Lease which are claimed as credits for such year.

In the event a claim shall be made against the Lessor or the Beneficiary which, if successful, would result in payment by the Lessee of increased rental pursuant to the immediately preceding paragraph, and if, in the opinion of the Lessor's independent tax counsel (hereinafter called Counsel), a bona fide defense to such claim exists, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by Counsel and the Lessee's independent tax counsel in order to sustain such defense; provided, however, that the Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses that may be entailed therein and shall have furnished the Lessor such reasonable security therefor as may be requested. The Lessor may, at its option, take such action prior to making payment of any tax, interest or penalty with respect to such claim (hereinafter called a Tax Payment) or may make such Tax Payment and then sue for a refund. If the Lessor takes such action prior to making such Tax Payment, such increased rental need not be paid by the Lessee while such action is pending. In such case, if the final determination shall be adverse to the Lessor, the increased rental shall be computed by the Lessor as of the date of such final determination and the Lessee shall commence payment thereof on the rental payment date next succeeding such determination and, on or before such rental payment date, the Lessee shall pay to the Lessor as additional rental an amount which, when reduced by any increase in the Lessor's or the Beneficiary's income tax liability or liabilities resulting from the Lessor's receipt of such additional rental, will equal the amount of all interest and penalty paid by the Lessor or the Beneficiary in respect of such final determination, together with interest thereon from the date such payment is made by the Lessor or the Beneficiary to the date the Lessee reimburses the Lessor therefor at the Chemical Rate as in

effect on the date of such final determination. If the Lessor or the Beneficiary makes such Tax Payment and then sues for a refund, such increased rental shall commence to be payable by the Lessee on the first rental payment date after such Tax Payment is made and, on or before such rental payment date, the Lessee shall pay to the Lessor as additional rental an amount which, when reduced by the increase in the Lessor's or the Beneficiary's income tax liability or liabilities resulting from the Lessor's receipt of such additional rental, will equal the amount of all interest and penalty paid by the Lessor or the Beneficiary included in such Tax Payment. In such case, if the final determination shall be in favor of the Lessor, (A) the rental payable by the Lessee to the Lessor shall be adjusted by such amount as shall be required, in the reasonable opinion of the Beneficiary and pursuant to the assumptions set forth in the last sentence of the immediately preceding paragraph, to cause the Beneficiary's net after-tax annual cash flows and net after-tax rates of return to be at least the same as such net after-tax annual cash flows and net after-tax rates of return would have been if such Tax Payment had not been made (or such adjustment shall be made proportionately if the final determination is partly in favor of and partly adverse to the Lessor) and such adjusted rental shall be payable by the Lessee on the rental payment date next succeeding such final determination and thereafter, and (B) the Lessor shall pay to the Lessee an amount which, when reduced by the tax benefit to the Lessor resulting from the payment of such amount, will equal the amount of any penalty or interest refunded to the Lessor as a result of such final determination and any interest on such refunded penalty and interest paid to the Lessor by the government, promptly upon receipt thereof.

On the Closing Date (as defined in the Loan Agreements) the Beneficiary shall have received an opinion of independent tax counsel satisfactory to it to the effect that:

(a) it will be considered the owner of the Units;  
and

(b) it will be entitled to (i) the 10% investment credit with respect to the Units, subject to the applicable limitations on the amount of such credit contained in Section 46 of the Code, (ii) depreciation deductions with respect to the Units, computed in accordance with any of the methods listed in Section 167(b) of said Code utilizing class lives, including the permitted variance from any class life, as provided in Section 167(m) of said Code and (iii) deductions under Section 163 of said Code with respect to the interest on the Notes to be issued under the Loan Agreements.

In the event the rental rates shall be adjusted as hereinbefore provided, the Casualty Values determined pursuant to Section 7 shall be adjusted accordingly.



The Lessee's and the Lessor's agreements to pay any sums which may become payable pursuant to this Section 17 shall survive the expiration or other termination of this Lease.

SECTION 18. Interest on Overdue Rentals. Anything herein to the contrary notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, interest on the overdue rentals and other obligations for the period of time during which they are overdue at the greater of 11 1/2% per annum and the Chemical Rate as from time to time in effect or such lesser amount as may be legally enforceable.

SECTION 19. Notices. Any notice hereunder to any of the persons designated below shall be deemed to have been properly served if delivered personally or if mailed, certified mail postage prepaid, at the following specified addresses:

(a) to the Lessor, First National Bank of Minneapolis, 120 South Sixth Street, Minneapolis, Minnesota 55480, Attention of Corporate Trust Department, with a copy of such notice to be provided to the Beneficiary;

(b) To the Lessee, Rail-U.S. Leasing, Incorporated, 633 Battery Street, San Francisco, California 94111, Attention of President;

(c) To International Paper Equipment Leasing Corporation, 220 East 42nd Street, New York, New York 10017, Attention of Kevin Coyne;

(d) To the Security Trustee, 111 West Monroe Street, Chicago, Illinois 60690, Attention of Corporate Trust Department;

or to such other address as may have been furnished in writing by any of the foregoing persons to the other persons named above.

SECTION 20. Severability; Effect and Interpretation of Lease. Any provision of this Lease prohibited or unenforceable by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Where, however, the conflicting provisions of any such

applicable law may be waived, they are hereby waived by the Lessee to the full extent permitted by law, to the end that this Lease shall be enforced as written.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto.

All Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease. All references herein to Sections, paragraphs, clauses and other subdivisions refer to the designated Sections, paragraphs, clauses and other subdivisions of this Lease; and the words "herein," "hereof" "hereunder" and words of similar import refer to this Lease as a whole and not to any particular Section, paragraph, clause or other subdivision hereof.

SECTION 21. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording, registering or depositing, if any, of this Lease and the Security Agreement as shall be conferred by the laws of the several jurisdictions in which this Lease or the Security Agreement shall be filed, recorded, registered or deposited.

SECTION 22. Further Assurances. The Lessee agrees that at any time and from time to time, after the execution and delivery of this Lease, it shall, upon request of the Lessor, execute and deliver such further documents and do such further acts and things as the Lessor may reasonably request in order fully to effect the purposes of this Lease, including, but not limited to, any and all information necessary to enable the Lessor to properly complete and file any and all state or political subdivision thereof income tax returns in connection herewith. Without limiting the generality of the foregoing, the Lessee shall cause this Lease to be kept, and/or any UCC-1's or comparable forms to be filed and recorded, in such places as the Lessor may reasonably request in order to perfect and preserve the Lessor's rights hereunder and the rights of the Security Trustee under the Security Agreement.

SECTION 23. Modification, Waiver and Consent. Any modification or waiver of any provision of this Lease, or any consent to any departure by the Lessee therefrom, shall not be effective in any event unless the same is in writing and signed by the Lessee and the Lessor, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given.

Any notice to or demand on the Lessee in any event not specifically required of the Lessor hereunder shall not entitle the Lessee to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

SECTION 24. Binding Effect. This Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns of the Lessee and the Lessor.

SECTION 25. Use of Units Beyond Lease Term. Except in accordance with the prior approval of the Lessor and the Beneficiary of a sublease by the Lessee having a term exceeding the term of this Lease, if the Lessor permits the use of any Unit beyond the term of lease with respect thereto, the obligations of the Lessee hereunder shall continue; provided, however, that such permissive use shall not be construed as a renewal of such term of lease nor as a waiver of any right or continuation of any obligation of the Lessor hereunder, and the Lessor may take possession of such Unit at any time upon demand.

SECTION 26. Rights, Remedies and Powers. Each and every right, remedy and power granted to the Lessor hereunder shall not be exclusive but shall be cumulative and in addition to any other right, remedy or power herein specifically granted or now or hereafter existing in equity, at law, by virtue of statute or otherwise and may be exercised by the Lessor from time to time concurrently or independently and as often and in such order as the Lessor may deem expedient. Any failure or delay on the part of the Lessor in exercising any such right, remedy or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect the Lessor's right thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other or further exercise thereof or the exercise of any other right, remedy or power. In the event the Lessor shall have proceeded to enforce any such right, remedy or power and such proceeding shall have been determined adversely to the Lessor, then in such event the Lessee and the Lessor shall be restored to their former positions and the rights, remedies and powers of the Lessor shall continue as if no such proceeding had been taken.

SECTION 27. Method of Payment. All payments provided for in this Lease shall be made by either (i) wire transfer in immediately available funds, or (ii) a check drawn on a commercial bank having its principal office in the continental United States and forwarded to the party to receive such payment by United States mail, postage prepaid. In the case of payment by check, the check shall be mailed in sufficient time so that funds will be collectible and payable in Chicago (or such other place as such payment may be due and payable) on the due date for any such payment.

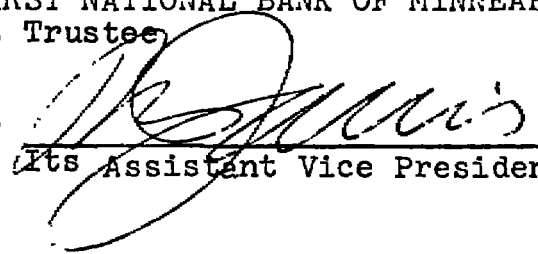
SECTION 28. Execution. This Lease may be executed in any number of counterparts, but the counterpart delivered to the Security Trustee shall be deemed to be the original counterpart. Although this Lease is dated as of September 1, 1975 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this Lease to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.


FIRST NATIONAL BANK OF MINNEAPOLIS,  
as Trustee

(CORPORATE SEAL)

By

  
Its Assistant Vice President

Attest:

  
Trust Officer

RAIL-U.S. LEASING, INCORPORATED

(CORPORATE SEAL)

By

  
Its Vice President

Attest:

  
Secretary



STATE OF Illinois )  
COUNTY OF COOK ) SS

On this 25th day of September, 1975, before me personally appeared R. W. JARVIS, to me personally known, who, being by me duly sworn, says that he is Assistant Vice President of First National Bank of Minneapolis, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]  
Notary Public

(NOTARIAL SEAL)

My Commission expires My Commission Expires July 13, 1976

STATE OF Illinois )  
COUNTY OF COOK ) SS

On this 25th day of September, 1975, before me personally appeared Charles J. Scarcello, to me personally known, who, being by me duly sworn, says that he is a Vice President of Rail-U.S. Leasing, Incorporated, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]  
Notary Public

(NOTARIAL SEAL)

My Commission expires My Commission Expires July 13, 1976

ANNEX A  
EQUIPMENT LEASE

DESCRIPTION OF UNITS

<u>Type</u>	<u>Quan- ity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Purchase Price per Unit</u>	<u>Total Purchase Price</u>	<u>Builder</u>	<u>Specifi- cations</u>	<u>Place of Delivery</u>
100-ton covered hopper cars	100	RUSX 4651 through RUSX 4750	\$30,693.2824	\$3,069,328.24	ACF In- dustries, Incorpor- ated	ACF No. 12-01341	In the State of Kentucky at or in route to Henderson, Kentucky

## ANNEX B

## EQUIPMENT LEASE

RAIL-U.S. LEASING, INCORPORATEDSCHEDULE OF CASUALTY VALUE

<u>After Quarterly Rental Payment No.</u>	<u>Payable on Quarterly Rental Payment Date and in Addition to Quart- erly Rental Payment No.</u>	<u>Casualty Value Payable Per Unit (in addition to Quarterly Rental Payment for such Unit due on such date)</u>
0	1	102.22
1	2	103.06
2	3	103.85
3	4	104.53
4	5	105.14
5	6	105.66
6	7	106.14
7	8	106.52
8	9	106.83
9	10	107.07
10	11	107.25
11	12	107.36
12	13	100.73
13	14	100.68
14	15	100.60
15	16	100.43
16	17	100.19
17	18	99.88
18	19	99.53
19	20	99.10
20	21	91.93
21	22	91.37
22	23	90.77
23	24	90.09
24	25	89.36
25	26	88.56
26	27	87.72
27	28	86.82
28	29	79.20
29	30	78.18
30	31	77.12
31	32	76.02
32	33	74.86
33	34	73.65
34	35	72.42
35	36	71.15
36	37	69.86
37	38	68.54
38	39	67.19
39	40	65.83
40	41	64.43



RAIL-U.S. LEASING, INCORPORATED

SCHEDULE OF CASUALTY VALUE

<u>After Quarterly Rental Payment No.</u>	<u>Payable on Quarterly Rental Payment Date and in Addition to Quart- erly Rental Payment No.</u>	<u>Casualty Value Payable Per Unit (in addition to Quarterly Rental Payment for such Unit due on such date)</u>
41	42	63.02
42	43	61.56
43	44	60.10
44	45	58.62
45	46	57.12
46	47	55.58
47	48	54.04
48	49	52.48
49	50	50.91
50	51	49.30
51	52	47.69
52	53	46.07
53	54	44.43
54	55	42.75
55	56	41.08
56	57	39.39
57	58	37.68
58	59	35.94
59	60	34.20
60	61	32.44
61	62	30.67
62	63	28.85
63	64	27.05
64	65	25.22
65	66	23.38
66	67	21.60
67	68 and thereafter during any storage period.	20.00

EQUIPMENT LEASE  
Exhibit 1

CERTIFICATE OF ACCEPTANCE

TO: FIRST NATIONAL BANK OF MINNEAPOLIS, as Trustee under Trust Agreement dated as of September 1, 1975 (the "Lessor")

ACF INDUSTRIES, INCORPORATED  
(the "Manufacturer")

I, duly appointed and authorized representative of Rail-U.S. Leasing, Incorporated (the "Lessee") under the Equipment Lease dated as of September 1, 1975 (the "Equipment Lease") among the Lessor, and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Equipment Lease of the following Units.

TYPE OF EQUIPMENT:

PLACE OF ACCEPTANCE:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED:

I do further certify that each Unit described above is in good order and condition, and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, and that each Item has been marked in accordance with Section 5 of the Equipment Lease.

(RUSL Trust No. 3)

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer for any warranties it has made with respect to the Equipment.

DATED: \_\_\_\_\_, 1975.

Inspector and Authorized Representative  
of Rail-U.S. Leasing, Incorporated